

ACCOUNTING AND PURCHASING POLICIES AND PROCEDURES

EXPENSES

Chart of Accounts Description

Acct #	Description	Account Definition
Compensation		
600000	Exempt Salaries	The salaries for all exempt salaried personnel.
600001	Non Exempt Salaries	The salaries and wages for all non-exempt (hourly) personnel.
600002	Overtime	The total amount paid to non-exempt personnel for overtime services. This includes regular and premium pay for overtime hours.
600003	Annual Incentive Program	Amounts paid to employees as part of the annual bonus program.
600004	Long Term Incentive Compensation	Amounts paid to Senior Management as part of the long-term incentive plan.
600005	Local Incentives	Amounts paid for local (City or Corporate Department) incentive programs. Includes costs for MVP, Peak and other Company incentive programs.
600006	Commissions	Compensation to employees under the Sales Commission plan. Base salaries are coded to 600000 and 600001.
600007	Other Compensation	Compensation to employees not detailed above.
600009	PTO Adjustments	
600099	Division Overhead Allocation	Allocation of costs associated with Division President and Ops Cost Centers to each business unit in that division.
Payroll Taxes and Benefits		
601000	FICA	Employers expense for FICA
601001	FUTA	Employer's expense for Federal Unemployment Tax.
601002	SUTA	Employer's expense for State Unemployment Tax. Includes local (Greenwood Village) tax
601003	Medicare	Employer's expense for Medicare costs.
601004	Health Insurance	The cost of group health insurance for employees. Employee payroll deductions are shown as a reduction to expense in this account.

Acct #	Description	Account Definition
601005	401K Employer Expenses	Employer contributions to the 401K.
601006	Workers Compensation Insurance	Cost of worker's compensation insurance.
601007	Disability Insurance	Cost of disability insurance.
601008	Outside Benefit Plans	Local pension and benefit costs for plans outside the Company's corporate wide benefit plans.
601009	Club Dues	Dues paid to clubs organized for business, pleasure, recreation or any other social purpose including airline, athletic, luncheon, sporting, or hotel clubs.
601010	Benefit Administration Expenses	Amounts paid to third parties to administer the Company's benefit plans.
601011	Employee Committee	Expenses related to the activities sponsored by the Employee Committee.
601012	Employee Benefits	Costs incurred for the benefit of employees, including department lunches, recreational costs such as bowling league fees, softball league trophies, etc. Expenditures for Christmas parties, flowers for employees, length of service awards, and meals and entertainment expenses for the benefit of employees. Coffee, sugar, coffee machine rent drinking water, and water cooler rent are coded here.
601013	Safety and First Aid	Cost of safety and first aid supplies including ergonomic supplies and equipment including materials purchased for safety precautions and to promote safety awareness (fire extinguishers, first aid kits, safety signs, training films, etc.).
601014	Union Benefits	Cost of employee benefits dictated by Union Contracts including Union FICA and annuity.
601015	Executive Benefits	Taxable executive fringe benefits.
External Labor		
602000	Temporary Office Help	Fees paid for temporary office help.
602002	Contract Labor - Non Capital	The costs of labor provided as part of a contract that is not related to capital projects such as, to fill in until personnel are hired.
602003	Full Time Consultants	Consultants working full time at the Company on special projects

Acct #	Description	Account Definition
602004	Part Time Consultants	Fees paid for consultants and professional services (other than legal and audit) working only part time on special projects. Include transfer agent costs for shareholder services and outside counsel service for regulatory purpose
602005	Consultants – Acquisition	Consulting costs with acquisition.
602006	Out Sourcing Charges	Expenses related to outsourcing of work.
Hiring Expenses		
603000	Other Recruiting Expenses	Costs associated with recruiting new employees, excluding travel and lodging. Travel expenses for outside candidates and travel expenses incurred by current Company employees traveling to another location for interview purposes are coded to 603004 and 603005.
603001	Recruiting Advertising	Costs of newspaper and other recruiting advertisements.
603002	Employment Agency Expenses	Expense paid to employment agencies services relating to filling open positions.
603003	Employee Referrals	Amounts paid to employees and others for referring successful candidates.
603004	Recruiting - Travel	Travel expenses including airfare, hotels and car rental associated with bringing people in to interview for positions. Costs of current employees to travel to interview for other Company positions should be coded to this account.
603005	Recruiting - Meals	Cost of meals associated with travel for recruiting of new employees and currently employees interviewing for other Company positions.
603006	Relocation Expense	All costs, including meals, associated with moving employees form one location to another. Includes costs incurred by present employees changing locations. Costs should be in compliance with the Company's relocation policy
603007	Human Resources – Acquisitions	Human resources costs with acquisition.

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Acct #	Description	Account Definition
Travel and Entertainment		
604000	Travel	Travel expenses such as transportation (rental car, taxi, parking), lodging, and miscellaneous costs incurred by personnel when traveling on company business. Do not code expenses for meals or airfare to this account. Do not code recruiting, training or relocation travel to this account.
604001	Airfare	Costs of airfare associated with company travel.
604002	Meals and Entertainment	Costs of meals for employees while on company travel or company business. Costs to entertain (lunches, dinners etc.) customers, potential customers and other business related entertainment. Do not code meal and entertainment associated with travel for training, relocation or recruiting to this account
604004	Training Travel	Travel expenses such as transportation (rental car, taxi, parking), lodging and miscellaneous costs incurred by personnel to attend approved training. Do not code expenses for meals or airfare to this account.
604005	Training Meals	Costs of meals associated with training travel or local training classes.
Education and Training		
605000	Educational Assistance	Costs of approved classes taken as part of the Company's educational assistance program. Costs include tuition and materials.
605001	Internal Systems and Applications Training	TWTC University costs for Systems and Applications training classes delivered by internal sources. Includes all training-related costs, such as registration, materials, equipment rent, and facilities rent.
605002	External Systems and Applications Training	TWTC University costs of training provided by a third party for Systems and Applications classes. This includes instructor, materials, equipment rent, and facilities rent.
605003	Internal Sales Training	Cost of internal development & delivery of training classes that relate to Sales. Includes all training related costs including facilities rental, catering, etc.
605004	External Sales Training	Costs of all external Vendor training that relate to Sales (includes all training related costs: facilities rental, catering, etc.)
605005	Internal Leadership Training	All costs associated with the internally facilitated leadership classes and programs. This may include vendor costs.

Acct #	Description	Account Definition
605006	External Leadership Training	All costs associated with a course that is facilitated by a vendor and not associated with an internal program.
605007	External Business Skills Training	TWTC University costs of training provided by a third party for Business Skills Curriculum classes. This includes instructor, materials, equipment rent, and facilities rent.
605008	Technology-Based Learning (TBL)	TWTC University costs associated with TBL initiatives (web-based, video, CD-ROM, etc.). This includes development, delivery, hosting, licensing, curriculum maintenance, and learning management system costs.
605009	Internal Technical Training	Costs of internal training classes for field and operations techs. Includes all training related costs such as tuition and materials.
605010	External Technical Training	Costs of third party provided training for field and operations tech, including trainer, materials, equipment rent, and facilities rent.
605011	Internal Business Skills Training	TWTC University costs for Business Skills Curriculum training classes delivered by internal sources. Includes all training-related costs, such as registration, materials, equipment rent, and facilities rent.
605012	Strategic Change Training	Cost of all internal and external training to build strategic change capability. Includes all training related costs such as tuition and materials.
605013	Training Printing	All printing costs associated with training events.
605014	Conferences and Seminars	Expenses relating to attending or conducting conferences and seminars relating to company business, including conference and seminar registration fees. Do not include travel costs.
605015	Leadership Conference	Costs incurred for the annual TWTC Summit of Leaders Conference, including all travel and meals.
605016	Internal Customer Care Training	Cost of development & delivery of internal training classes that relate to Customer Care.
605017	Course Development – Sales, Field Ops and Product Marketing	Cost of development & delivery of external training classes that relate to Customer Care.
605018	Course Development – Performance Management	Costs associated with all Talent Management practices including the development of new programs and tools to support TWTC managers.

Acct #	Description	Account Definition
605019	Lending Library	TWTC University expenses for books, videos, and audiotapes that are available for lending out to TWTC employees.
605020	External Customer Training	Cost associated with providing training to TWTC external customers
605021	Indirect Sales Channel Training	Cost associated with providing training to support TWTC Indirect Sales Channels.

FIELD EXPENSES

Repairs and Maintenance		
610000	Repairs and Maintenance	The costs of maintaining the facilities and equipment including miscellaneous items such as keys and hardware.
610001	Distribution System Repairs	The costs of repairing the fiber and fiber related plant.
610002	Operating Supplies and Tools	The costs associated with hand tools, employee equipment and related items.
610003	Plant Relocation Expense	Costs incurred to relocate small sections of fiber and related plant that are under \$100,000 per section. Projects over \$100,000 should be capitalized.
610004	Fiber Lease Maintenance	Charges for maintenance of leased fiber, primarily from TW Cable.
610005	Cleaning	The costs of cleaning office and CO space, including janitorial supplies, janitorial services, window or carpet cleaning, pest control, and garbage pickup.
610006	Repairs and Maint. Office Equipment	Costs of office equipment repairs and office equipment maintenance agreements fees.
610008	Maintenance Contracts Expenses	Maintenance costs as contracted by equipment vendors for network elements.
610999	Other Maintenance	Other maintenance costs not detailed above.

Acct #	Description	Account Definition
Field Expenses		
611000	NOC Connection - Local Loop	Circuit and other facility costs for connectivity to the National Operations Center.
611001	NOC Connection - Frame Relay	Costs of frame relay connections to the National Operations Center.
611002	Fiber Lease Expense	Costs of leasing fiber, distribution plant and related equipment from a third party. Do not include capital fiber leases.
611003	Pole Rent	The costs of renting pole attachments, railroad crossing rental, and periodic payments for easements. Included charges from TW Cable for shared poles.
611004	Conduit Rent	The costs of renting conduit space.
611005	Telephone Facility Lease	Costs of leasing telephone facilities and capacity from a third party
611006	Operations Support	Recurring costs to maintain systems and update software for the operations system support including but not limited to perfection, fault and configuration.
611007	Rights of Way Fees	Costs incurred to secure rights-of-way, including monthly fees.
611099	Late Charges	Fees paid for late payments to vendors other than direct cost charges (rent, utilities).
Vehicle Expense		
612000	Vehicle Gas	Costs of gasoline for Company vehicles.
612001	Vehicle Repairs & Maintenance	Servicing, parts replacement, and repair of Company vehicles. Includes oil, tires, and car wash expenses
612002	Vehicle Licenses & Fees	Costs of fees and licensing for Company vehicles. Includes vehicles registration fees and license plates
612003	Vehicle Insurance	Costs of vehicle insurance for Company vehicles.
612999	Vehicle Other Expense	Other costs relating to Company vehicles not detailed above.
Long Haul Expenses		
613001	Repair & Maintenance Long Haul	The costs of maintaining the long haul facilities and equipment including miscellaneous items.
613002	Operating Supplies & Tools Long Haul	The costs associated with hand tools, employee equipment, and related items for use with the long haul network.
613003	Fiber Lease Maintenance. Long Haul	Charges for maintenance of leased fiber related to the Long Haul Network.

Acct #	Description	Account Definition
613004	Other Maintenance Long Haul	Other maintenance not captured in other accounts.
613005	Pole Rent Long Haul	The costs of renting pole attachments, railroad crossing rental, and periodic payments for easements related to the Long Haul Network.
613006	Conduit Rent Long Haul	The costs of renting conduit space related to the Long Haul Network.
613007	Rights of Way Fees Long Haul	Costs incurred to secure rights-of-way, including monthly fees related to the Long Haul Network.
613008	CO/ Hub Site Rent Long Haul	The costs of renting CO/Hub site facilities including parking related to the Long Haul Network.
613009	Utilities/ Power Long Haul	Utility costs used to power the Long Haul Network including gas, electric, water, and sewer services.
613010	Property Tax Long Haul	Long Haul personal property and real estate taxes.
613011	Maintenance Reimbursement – Long Haul	Maintenance reimbursements related to Long Haul expenditures.
Communication Expense		
620000	Telephone	The cost of telephone and lease of phone systems. Includes the costs involved with moving or installing phones, phone lines and phone extensions within the office. Costs of directory listing should be coded to advertising.
620001	Cell Phones Equipment	Cost of cell phone equipment.
620002	Pagers	Cost of pager service for Company pagers.
620003	Telephone Maintenance	Costs to repair or maintain telephones and telephone systems including monthly maintenance agreement fees.
620004	Cell Phone Service	The cost of cellular phone services for Company approved cell phones.
Facilities and Rent		
621000	Office Rent	The costs of renting office facilities including parking lot rent.
621001	Warehouse Rent	The costs of renting warehouse facilities including parking lot rent.
621002	CO/Hub Site Rent	The costs of renting CO/Hub site facilities including parking rent.
621003	Utilities/Power	Utility costs used to power the distribution system and all Company facilities, including gas, electric, water, and sewer services.
621004	Moving Expense	Costs associated with moving office, CO/hub or warehouse facilities.

Acct #	Description	Account Definition
621005	Cubicle Moves/Rebuilds	Costs associated with redesigning and reorganizing office space.
621006	Storage	Costs of archiving and warehousing records. Do not include storage of inventory or distribution equipment.
621007	Security	Costs of security services for the facilities.
621008	Equipment Rent Office	Includes rental of furniture, computer equipment, and office equipment such as copy machines. Rental fees for water coolers and coffee machines are charged to account 601012.
621009	Equipment Rent Technical Equip.	Costs to rent technical equipment such as test equipment, distribution equipment or warehouse equipment.

Office Expenses

Office Expenses		
623000	Office Supplies	The cost of paper, forms, stationery, envelopes, checks, copier supplies, and other office supplies and equipment. Equipment with a unit cost greater than \$500 may be capitalized if the capitalization criteria are met. Do not include trash collection expenses or employee benefit items such as drinking water, coffee etc. (see account 601012). PC software is coded to 624001 and PC equipment is coded to 624000.
623001	Postage	The cost of postage including stamps, the rental of postage meters, UPS charges, express mail charges. Expenses for mailing disbursements and payroll checks should be included here. See account 590000, 590001, 590002 for postage expenses related to automatic billing systems.
623002	Freight	Freight costs for non-capital purchases. Freight cost for capital purchases should be capitalized to the related project.
623999	Other Office Expenses	All misc. office related expense not detailed above.
Computer Expenses		
624000	Computer Related Parts and Supplies	Costs of PC and printer equipment <\$500. Example is a new PC mouse. Do not include software (see account 624001).
624001	Expensed Software	Operational and feature software upgrades or enhancements to a previously purchased software package (or release) which provides essentially the same functionality, such as a new release of MS Office. The purchase of new BES feature functionality should be expensed in account 520000 (Features Software).

Acct #	Description	Account Definition
624002	Computer Maintenance Hardware	The costs of repairing and maintaining computer equipment, printers, and related parts. Includes expenses associated with maintenance agreements for computer equipment
624003	Computer Maintenance Software	Maintenance agreement fees for computer software (not hardware).
Administrative Expenses		
630000	Industry Licenses	Costs for industry licenses including the cost of obtaining technical telephony information from Bellcore Labs.
630001	Association Membership Fees	The dues or fees paid to State or National Telephony associations for Company memberships (not for individual memberships which should be coded to account 630003).
630002	NECA Dues	Membership dues for NECA.
630003	Dues and Subscriptions	Employee memberships in local business organizations, professional organizations, service clubs, or other civic organizations. Include subscriptions to trade and technical publications. Also include subscriptions to local newspapers and publications.
630004	Charitable Contributions	Approved direct charitable contributions to health, educational, senior citizen, youth, minority and other nonprofit service organizations. Must be in compliance with Company policy.
630005	Property and Casualty Insurance	Costs of general liability insurance and for insurance on company real and personal property.
630006	Other Executive Protection Insurance	Insurance costs for employment practices and employee and board member fiduciary insurance.
630007	Director and Officers Insurance Expense	Insurance costs to cover director and officers of the Company for law suites resulting from their association with the Company.
630008	Audit	Costs of annual audit, quarterly reviews, 10K and 10Q reviews and other financial review performed by the Company's outside auditors.
630009	Expensed Projects	The costs associated with projects that do not meet the capitalization criteria. This account is to be used by the IT department only.
630010	Management Fee Income	Revenues earned for managing the operations of certain unconsolidated telephony operations.
630011	Internal Communications	Includes written communications that are sent to employees of TWTC. The postage, printing, and photographs used by for these communications should be coded here.

Acct #	Description	Account Definition
630012	Cable Expenses	Costs allocated to the Company from TW Cable including financial systems and tax services.
630013	Insured but not Reported Claims	Costs associated with situations that could be claimed under Company insurance policies that the Company decides not to report but cover the costs internally.
630014	Bank Service Charges	Charges from banks used by the Company for services and bank accounts.
630015	Debt Issuance Fees	Expense related to acquiring debt.
630016	Service Bureau Fees	Cost of outside service bureaus specifically Ceridian Payroll Services.
630017	PAC Related Expenses	Costs for administering a PAC.
630018	Claims Handling Charges	Fees and charges associated with handling of insurance claims/losses, but does not include litigation costs or loss payments.
630019	Systems Implementation Support	Expenses specifically related to major systems implementation, such as BOSS, and includes expenses related to consulting support, external training, etc.
630020	Internal Audit	Costs associated with internal audit function. Includes fees paid for professional services and travel related expenses incurred by individuals hired to assist in various internal audit activities.
630999	Other Administrative Expenses	Administrative expenses not detailed above.
Marketing Expenses		
640000	Public Relations/Publicity	Costs incurred for media, governments and community relations activities, excluding any travel and entertainment involved. Examples: production and dissemination of news releases; community information brochures and audio-visual presentations; special events for new media, leaders of educational and civic organizations and /or the community; sponsorship of local fund raising events for nonprofit service organizations or youth sports teams.
640001	Advertising	Costs of advertising in newspapers, radio, trade journals, etc. Include costs of creating the advertising.
640002	Marketing Collateral	The costs of materials, supplies and merchandise used for a marketing promotion. Examples include brochures, coffee mugs, pens, etc.

Acct #	Description	Account Definition
640003	Trade Shows	Costs of participating in trade shows including marketing materials, booth fees, booth design and creation, and shipping materials to the show. Do not include travel costs for employees participating in the show
640004	Sales Promotions	Includes all costs (other than salaries or commissions) incurred as a result of Direct Sales marketing efforts. This account specifically includes costs for the development and production of sales support materials (for example, sales call cards, call sheets, gummed labels, etc.).
640005	Marketing Research	Costs related to the structure, execution and analysis of consumer research projects, as well as fees paid to outside information gatherers and consultants. This account specifically includes the purchase of census tract and similar information and costs related to the analysis and storage of project information. This account specifically excludes creative copy or graphics work leading specifically to a marketing "event".
640006	Marketing Campaign Tracking	Costs incurred to track the results of specific marketing campaigns. Do not include internal labor.
640007	Agency Fees	Costs paid to Agencies for selling the Company's services.
640008	Merchandising	Cost of items bearing the Company's name and logo and given to customer and potential customers
640009	Termination Liability	Expenses associated with an IXC terminating a contract with another CAP with the intent to purchase services from TWTC.
640010	Customer Equipment Purchases	Cost of purchasing pieces of equipment given to customers as part of securing the customer contract.
640011	Communications – Acquisitions	Communication costs with acquisition.
640999	Other Marketing	Marketing expenses not detailed above.
Legal		
650000	Legal Contracts and Leases	Cost of negotiation and preparation of documents reflecting commercial transactions, including service agreements, construction contracts, loans, leases, easements, crossings, etc. excluding regulatory and acquisitions or divestitures.
650001	Legal HR Related	Legal expenses associated with Human Resource issues including benefit contract and research. Do not include expenses relating labor relations.

Acct #	Description	Account Definition
650002	Legal Labor Relations	Legal expenses for all employment and labor-related matters, including union activities, collective bargaining, wage and hour disputes, EEO disputes, unjust termination, benefits matters, and related court and administrative proceedings.
650003	Legal Customer Relations	Legal costs of customer contracts and other legal matter relating to TWTC customers.
650004	Legal Corporation Maintenance	Legal costs relating to the corporate structure and the corporate legal entities include state incorporate fees.
650006	Legal New City Expansion	Legal costs associated with starting business in a new City.
650007	Legal SEC	Legal costs of SEC reporting and compliance.
650008	Legal Other	Miscellaneous legal services not included in any of the other legal accounts.
651000	Litigation	Legal costs of claims, demands, lawsuits, any court or administrative complaint proceeding, including those arising from contract or lease, trespass, injury to person or property, tax, or local, state or federal regulatory relations. Exclude employment-related litigation and regulatory disputes, which do not result in litigation.
651001	Litigation – Case N	Legal costs relating to a specific lawsuit. Contact the legal department for case title.
651002	Litigation – Case K	Legal costs relating to a specific lawsuit.
651003	Litigation – Case M	Legal costs relating to a specific lawsuit.
651004	Litigation – Case G	Legal costs relating to a specific lawsuit.
651005	Legal – GST Acquisition	Legal costs relating to a specific lawsuit.
Regulatory		
652000	Legislative Expenses	Franchising, re-franchising, rates, municipal relations, etc.; excluding litigation, Public Utility commissions, including pole attachments; state cable commissions, etc.; excluding litigation. FCC, including licensees, pole attachments; information requested by any federal agency; copyright matters, etc.; excluding litigation. Lobbying, legislative drafting, special association assessments, etc.
652001	Lobbying	All expenses for Company related lobbying efforts including entertainment.

Acct #	Description	Account Definition
652002	PUC Activity	All expenses for Company supported PUC activities including entertainment.
652003	Interconnect Negotiations	Costs associated with negotiating Interconnection Agreements.
652004	Mutual Com Dispute Resolution	Costs associated with the negotiations to resolve mutual compensation disputes.
652005	Tariff Filings and Fees	Costs of tariff filings and related fees
652006	Other Regulatory	Regulatory expenses not detailed above.
Investor Relations Expenses		
653000	Annual and Quarterly Reports	Costs of reproducing, printing and distributing annual and quarterly reports and proxy statements.
653001	Investor Communications	Costs for investor communications not included above.
653002	Investor Relations Consulting	Outside consulting fees for investor relations activities.
653003	Equity and Debt Related Fees	Costs of filing for debt and equity instruments including SEC fees.
653004	Acquisition Expenses	
653999	Investor Relations Other	Other investor relations costs not included above.
Taxes and Fees		
660000	Other Taxes and Licenses	Other miscellaneous taxes and licenses. Does not include vehicle taxes or licenses, property, payroll and income taxes or franchise fees.
660001	Tax Collection Allowance	Allowance retained by the Company for collecting and remitting sales taxes for the taxing authority.
660002	Use Tax Expense	Sales and use tax not included on original vendor invoices but due to state, county or city taxing authority.
660003	Property Tax Expense	Local personal property and real estate tax.
660004	Regulatory Filing Fees	Maintaining PUC licenses and certifications.
660005	TRS Expense	Telephone Relay Service expense.

Acct #	Description	Account Definition
660006	Universal Service Fund Expense	Fees for Universal Service Fund.
660007	Tax Penalties	Penalties paid to taxing authorities for late or inaccurate tax filings.
660008	Franchise Tax Expense	Franchise taxes based on equity.
Expense Transfer		
670002	Allocations	Expenses allocated as Corporate overhead to the operating units. To be used by Corporate Accounting only.
Capitalization		
680000	Capitalized Internal Labor	Internal labor and related overhead applicable to construction of an asset. Always a credit balance.
680002	Capitalized Other Expenses	Costs coded to expense accounts that should be capitalized to a project. Always a credit balance.

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